

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NORTH DAKOTA**

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| In Re:<br><br>Generations on 1 <sup>st</sup> , LLC<br><br>Debtor. | Case No.: 25-30002<br><br>Chapter 11                               |
| In Re:<br><br>Parkside Place, LLC,<br><br>Debtor.                 | Case No.: 25-30003<br><br>Chapter 11<br><br>(Jointly Administered) |

**DECLARATION OF DANIELLE HARLESS RE: TRANSFERS OF FUNDS  
UNRELATED TO THE PARKSIDE AND GENERATIONS PROJECTS**

Pursuant to 28 U.S.C. § 1746, I, Danielle Harless, declare under penalty of perjury that the following is true and correct to the best of my knowledge, information, and belief:

1. I am currently employed as Senior Executive Vice President of Red River State Bank (“RRSB”). I have been employed by RRSB since 2008.
2. I hold a B.A. from Concordia College in Moorhead, Minnesota. I also attended the Graduate School of Banking in Madison, Wisconsin.
3. I am personally familiar with the loan history between RRSB and Parkside Place, LLC (“Parkside”), and the apartment building located at 8 2<sup>nd</sup> St NE, Watertown, South Dakota (the “Parkside Project”). I am also personally familiar with the loan history between RRSB and Generations on 1<sup>st</sup>, LLC (“Generations”), and the apartment building located at 26 1<sup>st</sup> Ave SW, Watertown, South Dakota (the “Generations Project”). (Collectively, Parkside and Generations are referred to hereinafter as the “Debtors”).

4. RRSB's counsel served subpoenas on several financial institutions, requesting copies of bank statements, checks, transaction receipts, etc., from accounts maintained by such depository institutions for the Debtors and Jesse Craig, Mulinda Craig, Craig Development, LLC, Craig Properties, LLC, and other statutory insiders (collectively, the "Insiders").

5. One of the subpoenaed banks, First Community Credit Union ("FCCU"), provided over 25,000 pages of responsive documents, including bank statements, checks, and transaction receipts for the period of January 2020 to April 2025.

6. I have personally reviewed bank statements, checks, and transaction receipts produced by FCCU for the bank account ending -1711 owned by Craig Development, LLC (the "FCCU Craig Development Account") and the bank account ending -4695 owned by Craig Properties, LLC (the "FCCU Craig Properties Account") (collectively, the "FCCU Craig Accounts").

7. I have also personally reviewed the Declaration of Clay Greenwood (FCCU) [ECF Nos. 264-269], which includes bank statements, checks, and transaction receipts for the FCCU Craig Accounts and a FCCU account owned by Jesse Craig in his personal capacity.

8. I am personally familiar with the detailed loan history for the Parkside and Generations Projects set forth in the Affidavits of Charles Aarestad re: the Parkside Note [ECF 164]; Eighth Generations Note [ECF 165], Generations Notes Nos. 1-7 & No. 9 [ECF 166], and the Mulinda Notes [ECF 167].

**Initial Transfers of Parkside Loan Proceeds into Craig-Owned Accounts**

9. The table below summarizes the amount and date of each loan disbursement made by RRSB for the Parkside Project, as well as information about the bank accounts into which such loan proceeds were initially deposited by the Debtor:

| Draw No. | Transaction Date                                       | Amount                | Depository Account           | Account No. |
|----------|--|-----------------------|------------------------------|-------------|
| Draws 4  | October 30, 2020                                       | \$300,983.52          | Craig Development LLC – FCCU | 1711        |
| Draw 5   | December 28, 2020<br>January 20, 2021                  | \$563,790.45          | Craig Development LLC – FCCU | 1711        |
| Draw 6   | January 20, 2021<br>February 8, 2021<br>March 16, 2021 | \$728,153.04          | Craig Development LLC – FCCU | 1711        |
| Draw 7   | February 26, 2021<br>March 16, 2021                    | \$884,021.21          | Craig Development LLC – FCCU | 1711        |
| Draw 8   | March 16, 2021<br>April 26, 2021                       | \$390,531.68          | Craig Development LLC – FCCU | 1711        |
| Draw 9   | April 26, 2021   | \$539,457.17          | Craig Development LLC – FCCU | 1711        |
| Draw 10  | May 27, 2021   | \$619,483.54          | Craig Properties LLC – FCCU  | 4695        |
| Draw 11  | June 22, 2021  | \$437,316.35          | Craig Development LLC – FCCU | 1711        |
| Draw 12  | August 30, 2021  | \$523,516.85          | Craig Properties LLC – FCCU  | 4695        |
| Draw 13  | August 30, 2021  | \$416,854.95          | Craig Properties LLC - FCCU  | 4695        |
|          | <b>Total Parkside Funds:</b>                           | <b>\$5,404,108.76</b> |                              |             |

10. All proceeds of the Parkside Notes were disbursed by RRSB to Parkside for use on the Parkside Project only (such funds, the “Parkside Loan Proceeds”).

11. The majority of Parkside Loan Proceeds were disbursed to Craig Development, LLC, and initially deposited in the FCCU Craig Development Account. However, the FCCU’s records confirm that all of the Parkside Loan Proceeds (including those deposited to Craig

Development, LLC) were immediately transferred to the FCCU Craig Properties Account, at which point the Parkside Funds were commingled with funds intended for other projects, including the Generations Project.

12. Parkside Loan Proceeds in the aggregate amount of \$3,844,253.42 were transferred out of the FCCU Craig Development Account and into the FCCU Craig Properties Account. Additionally, Parkside Loan Proceeds in the aggregate amount of \$1,559,855.34 were disbursed directly by RRSB into the FCCU Craig Properties Account. Stated differently, 100% of the Parkside Loan Proceeds, totaling \$5,404,108.76, were ultimately transferred into the FCCU Craig Properties Account between October 30, 2020 to August 30, 2021 (such time period, the “Parkside Draw Period”).

**Initial Transfers of Generations Loan Proceeds into Craig-Owned Accounts**

13. The table below summarizes the amount and date of each loan disbursement made by RRSB for the Generations Project, and information about the bank accounts into which the Debtor initially deposited such loan proceeds:

| Draw No. | Transaction Date                                       | Amount       | Depository Account           | Account No. |
|----------|--|--------------|------------------------------|-------------|
| Draws 4  | January 20, 2021<br>February 8, 2021<br>March 16, 2021 | \$540,039.74 | Craig Development LLC – FCCU | 1711        |
| Draw 5   | February 26, 2021<br>March 16, 2021                    | \$376,020.84 | Craig Development LLC – FCCU | 1711        |
| Draw 6   | March 16, 2021<br>April 26, 2021                       | \$738,430.07 | Craig Development LLC – FCCU | 1711        |
| Draw 7   | April 26, 2021   | \$580,907.87 | Craig Development LLC – FCCU | 1711        |
| Draw 8   | May 27, 2021   | \$701,477.21 | Craig Properties LLC – FCCU  | 4695        |

|           |                                 |                        |                              |      |
|-----------|---------------------------------|------------------------|------------------------------|------|
| Draw 9    | June 22, 2021                   | \$1,215,028.04         | Craig Development LLC – FCCU | 1711 |
| Draw 10   | September 14, 2021              | \$339,580.56           | Craig Properties LLC – FCCU  | 4695 |
| Draw 11   | September 14, 2021              | \$1,423,600.00         | Craig Properties LLC – FCCU  | 4695 |
| Draw 12.1 | September 14, 2021              | \$229,896.66           | Craig Properties LLC – FCCU  | 4695 |
| Draw 12.2 | September 14, 2021              | \$983,353.76           | Craig Properties LLC - FCCU  | 4695 |
| Draw 13   | October 14, 2021                | \$1,094,025.15         | Craig Properties LLC – FCCU  | 4695 |
| Draw 14   | November 9, 2021                | \$424,259.84           | Craig Properties LLC – FCCU  | 4695 |
| Draw 15   | December 9, 2021                | \$843,168.59           | Craig Properties LLC – FCCU  | 4695 |
| Draw 16   | January 5, 2022                 | \$653,729.65           | Craig Development LLC – FCCU | 1711 |
| Draw 17   | February 3, 2022                | \$274,043.60           | Craig Properties LLC – FCCU  | 4695 |
|           | <b>Total Generations Funds:</b> | <b>\$10,417,561.58</b> |                              |      |

14. All proceeds of the Generations Notes disbursed by RRSB were intended for use by the Debtors on the Generations Project only (such funds, the “Generations Loan Proceeds”).

15. Like the Parkside Loan Proceeds, all of the Generations Loan Proceeds were ultimately transferred to the FCCU Craig Properties Account between January 20, 2021 and February 3, 2022 (such time period, the “Generations Draw Period”). As a result, 100% of the Generations Loan Proceeds, totaling \$10,417,561.58, were commingled with funds intended for other projects, including the Parkside Project.

**Summary of Unrelated Transfers out of the FCCU Craig Accounts**

16. The subpoenaed documents confirm the FCCU Craig Accounts were not used exclusively for the Parkside and Generations Projects during the Review Period. Parkside Loan

Proceeds and Generations Loan Proceeds were either commingled with the Insiders' personal funds, or they were misappropriated to pay personal expenses.

17. Given the extent of commingled funds and the temporal overlap between the Parkside Draw Period and the Generations Draw Period, it made sense to consolidate my review of all transfers unrelated to the Parkside and Generations Projects between October of 2020 through February of 2022 (the "Review Period").

18. During the Review Period, I found the following unrelated transfers to Insiders out of the FCCU Craig Accounts:

a. Jesse Craig received at least \$195,774.58. A table summarizing transfers to Jesse Craig and supporting documents are attached hereto as **Exhibit A**.

b. Mulinda "Mindy" Craig, the wife of Jesse Craig, received at least \$129,539.16. A table summarizing transfers to Mulinda Craig and supporting documents are attached hereto as **Exhibit B**.

c. Sydney Craig, the daughter of Jesse Craig, and Tanner Boyanovsky, her significant other and husband as of June 2023, received at least \$101,111.25. A table summarizing transfers to Sydney Craig and supporting documents are attached hereto as **Exhibit C**.

d. Jordan Horner, f/k/a Jordan Craig, the daughter of Jesse Craig and employee of Craig Properties, LLC, received at least \$54,961.00. A table summarizing transfers to Jordan Horner and supporting documents are hereto as **Exhibit D**.

e. Other Craig entities received at least \$616,158.77 during the period of October 2020 through February 2022, including transfers to:

- i. CP Business Management, Inc., a property management company owned by Jesse and Mulinda Craig for which Mulinda Craig serves as Registered Agent, received \$246,232.89;
- ii. 220 West, LLC, a real estate holding company for which Jesse Craig served as Registered Agent until 2024, received \$74,563.26;
- iii. The Lofts, LLC, a real estate holding company for The Lofts apartments located in Watertown, South Dakota, which were developed and owned by Jesse Craig prior to sale in 2023, received \$22,862.62; and
- iv. Craig Enclave OG, LLC, a company jointly held by Jesse Craig and Enclave Development, LLC for the purpose of constructing a new development in Fargo, North Dakota, received \$272,500.00.

A table summarizing transfers to entities owned and controlled by the Craigs and supporting documents are attached hereto as **Exhibit E**.

f. Financial institutions unrelated to the Debtors, the Parkside Project, or the Generations Project (e.g., Alerus Financial, Town & Country Credit Union, Starion Financial, Great Western Bank, First Community Credit Union, Meadowlark Capital LLC, Plains Commerce Bank, United Savings Credit Union, Americal Federal Bank, Dacotah Bank etc.) received at least \$1,880,697.90 during the Review Period. These transfers were apparently made to pay down debt on behalf of the Insiders. A table

summarizing transfers to such institutions and supporting documents are attached hereto as **Exhibit F**.

g. Further demonstrating the commingling of project funds with the Insiders' personal finances, vendors of luxury goods and services received at least \$862,986.02 during the Review Period. A table summarizing transfers for luxury goods and services unrelated to the Parkside and Generations Projects and supporting documents are attached hereto as **Exhibit G**.

h. Business associates of Insiders and investment companies received at least \$863,629.12 during the Review Period. A table summarizing transfers to associates and investment companies and supporting documents are attached hereto as **Exhibit H**.

i. At least \$548,782.44 was paid during the Review Period to individuals and entities who do not fall into any of the prior categories, including, *inter alia*, a title company in Clearwater County, Idaho, a credit card company, payments for other properties owned by Insiders (including the lake cabin owned by Jesse and Mulinda Craig located in Pelican Rapids, Minnesota), and various individuals/entities whose background or connection to the Debtors or Insiders could not be established. A table summarizing these miscellaneous transfers and supporting documents are attached hereto as **Exhibit I**.



19. In sum, the table below shows the total value of all transfers out of the FCCU Craig Accounts for purposes wholly unrelated to the Debtors, the Parkside Project or the Generations Project in **Exhibits A through I**:

| Summary Table/Transferee                        | Total Amount of Transfers in Table |
|---|------------------------------------|
| Jesse Craig                                     | \$195,774.58                       |
| Mulinda "Mindy" Craig                           | \$129,539.16                       |
| Sydney Craig and Tanner Boyanovsky              | \$101,111.25                       |
| Jordan Horner                                   | \$54,961.00                        |
| Craig Entities                                  | \$616,158.77                       |
| Non-Parkside and Generations<br>Mortgages/Loans | \$1,880,697.90                     |
| Luxury Goods and Services                       | \$862,986.02                       |
| Business Associates and Investments             | \$863,629.12                       |
| Miscellaneous                                   | \$548,782.44                       |
| <b><u>TOTAL</u></b>                             | <b><u>\$5,253,640.24</u></b>       |

I certify under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

Dated: January 5, 2026



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Danielle Harless